



March 23, 2015

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Dear Representative Hoyer:

On behalf of the American Federation of Government Employees, AFL-CIO, which represents 670,000 federal workers in over 65 agencies across the nation, I strongly urge you to oppose House Budget Committee Chairman Tom Price's FY 2016 Budget Resolution (H. Con. Res. 27) when it goes to the House floor this week.

Federal employees and their families have made extraordinarily harsh financial sacrifices in the past several years during various budget crises. They have suffered a three-year pay freeze, followed by two years of 1% pay increases that were well below the recommended baseline, and employees hired since 2012 have seen massive contribution increases to retirement. In addition to these lost earnings, 750,000 workers also lost up to eight days of pay because of sequestration in 2013. Federal workers' total sacrifice to date is \$159 billion over ten years.

Yet this sacrifice by federal employees is not enough for Chairman Price. His budget resolution would cut federal employee compensation and jobs by an additional \$318 billion over ten years, which when combined with the previous sacrifice of \$159 billion, would result in ***federal workers and their families contributing almost half a trillion dollars to deficit reduction since 2011***. The specifics of Chairman Price's budget follow:

- All federal workers would be required to pay an additional 6% of salary toward retirement with no increase in benefits. This is the same as a permanent 6% pay cut, or working without pay for three weeks every year. (\$127 billion cut)
- The Federal Employees Health Benefits Program (FEHBP) would be turned into a voucher-based system. Instead of the current split of approximately 70% of premiums paid by the agency and 30% by the enrollee, the new system would cap any premium increase paid by the agency to the rate of inflation (Consumer Price Index or CPI). Any amount over that would be solely borne by the enrollee. Since health care costs routinely grow faster than CPI, the result would be a substantial shift of premium increases to the enrollees. (\$60 billion cut)
- The Federal Retirement Thrift Savings Plan (TSP) would be altered by lowering the rate of return on the G-Fund to reflect short term interest paid on new debt rather than long-term aggregate

debt. This change would severely decrease the interest rate payable on the G-Fund, discouraging future contributions from the 4.3 million TSP investors who currently have savings in this fund. (\$32 billion cut)

- Postal service employee compensation would be cut, including the employer's share of health care and life insurance premiums. (\$40 billion cut)

Under the Price budget, non-defense federal agencies would continue to be underfunded and understaffed as the budget slashes non-defense spending by \$236 billion below the sequestration level. Funding for important public services such as education, research, border security, food and drug safety, law enforcement, and environmental protection would face severe cuts.

Finally, the Price resolution fails to overturn sequestration and increase DoD's base budget in order to ensure that defense spending is predictable and sufficient to meet our national military strategy. Gimmicks that are not fully guaranteed give false hope to our men and women in uniform and to our civilian workforce who strive to keep our nation safe every day. As described by one of our most senior military leaders, one of the Combatant Commanders, the use of OCO to make up the shortfall is "penny wise and pound foolish". It is irresponsible and demonstrates a lack of commitment to a strong military both now and into the future.

Federal workers have sacrificed more than any other middle-class Americans for deficit reduction. It is time to ask others to make similar sacrifices. I strongly urge you to vote "no" on House Budget Committee Chairman Tom Price's FY 2016 budget proposal (H. Con. Res. 27). If you have any questions, please contact me at beth.moten@afge.org.

Sincerely yours,

A handwritten signature in cursive script that reads "Beth Moten".

Beth Moten

Legislative and Political Director